

# Governor Mann's Message to the General Assembly of Virginia

## SUGGESTS PLAN FOR TAX REFORM WITHOUT AN EXTRA SESSION

Governor Mann laid before the General Assembly yesterday the first of what is intended to be a series of messages discussing issues of State importance. He presents in detail a new plan of securing tax reform, without the expense of an extra session of the Legislature, and expresses the conviction that, if put into operation, it would result in a material reduction in the tax rate. The plan proposes the appointment of three disinterested citizens in each congressional district to assess and determine the average value of real and tangible personal estate within the district, and a general tax commission, made up of one from each of the congressional districts to consider and revise the reports of the local boards.

These commissions are to go out of existence when the average assessment called for has been made, and thereafter the Governor recommends appointment of a permanent tax commission, to equalize assessments, supervise all officers engaged in assessing or collecting taxes, and to report to the courts for removal those who fail in their duties.

The Governor also recommends accumulation by the State of an insurance fund, an emergency action, putting only a nominal tax on bank deposits; a license fee for employed lobbyists, and appointment of a commission to revise and codify tax laws, to report to the next General Assembly.

The Governor recommends abolition of county almshouses, which he says "reflect no credit on the State," and in lieu the establishment in each congressional district of ten homes for the aged, to be supported by each county and city in proportion to the number of inmates furnished.

The message follows in full:

To the General Assembly of Virginia:

The duty required of the Governor by the Constitution of informing the General Assembly of the condition of all the departments, institutions and agencies of the State and recommending for its consideration such measures as he may deem expedient, is made a pleasant duty under the conditions confronting us. And I am sure these conditions will enable your body and the incoming executive to provide effective measures for the progress and advancement in the year to come.

First and most important, is the concluding paragraph of the report of the committee of the General Assembly appointed to examine various institutions and agencies of the State which says: "It will appear from the foregoing report that the Auditing Commission have made an examination of the departments and institutions of the Commonwealth, and without hesitation are able to congratulate the people of Virginia upon an honest administration of their affairs. Virginia still retains her spotless record."

**Financial Condition.**

I commend to the careful perusal and consideration of the General Assembly the information contained in the report of the Auditor, which contains recommendations made in the first twenty-three pages (Roman numerals) of the Auditor's report, and take from the report proper the following extracts, showing in condensed form the financial condition of the State:

During the fiscal year ending September 30, 1913, the revenues of the State for general appropriation amounted to \$7,063,217.44. Special receipts not available for the support of the government, but to the support of the Department of Agriculture and other agencies, \$402,055.30.

Making total receipts, \$7,465,272.74. Receipts for year ending September 30, 1912, general and special funds, \$7,051,041.00.

Increase for 1913, \$414,231.74. This increase is made up of:

Increase in general funds, \$174,001.42. Collection from R. P. & P. R. H. 187,805.53. Increase of special funds, 72,424.79.

**Have an Actual Balance.**

The Auditor's reports, after meeting all the obligations of the State of every kind, an actual balance in the treasury of general funds on the thirtieth of September, 1913, of \$333,824.40, which would have been \$305,023.51, if the demands of our institutions had not made it necessary to pay out \$10,000 during September instead of after the first of October, according to the ordinary practice.

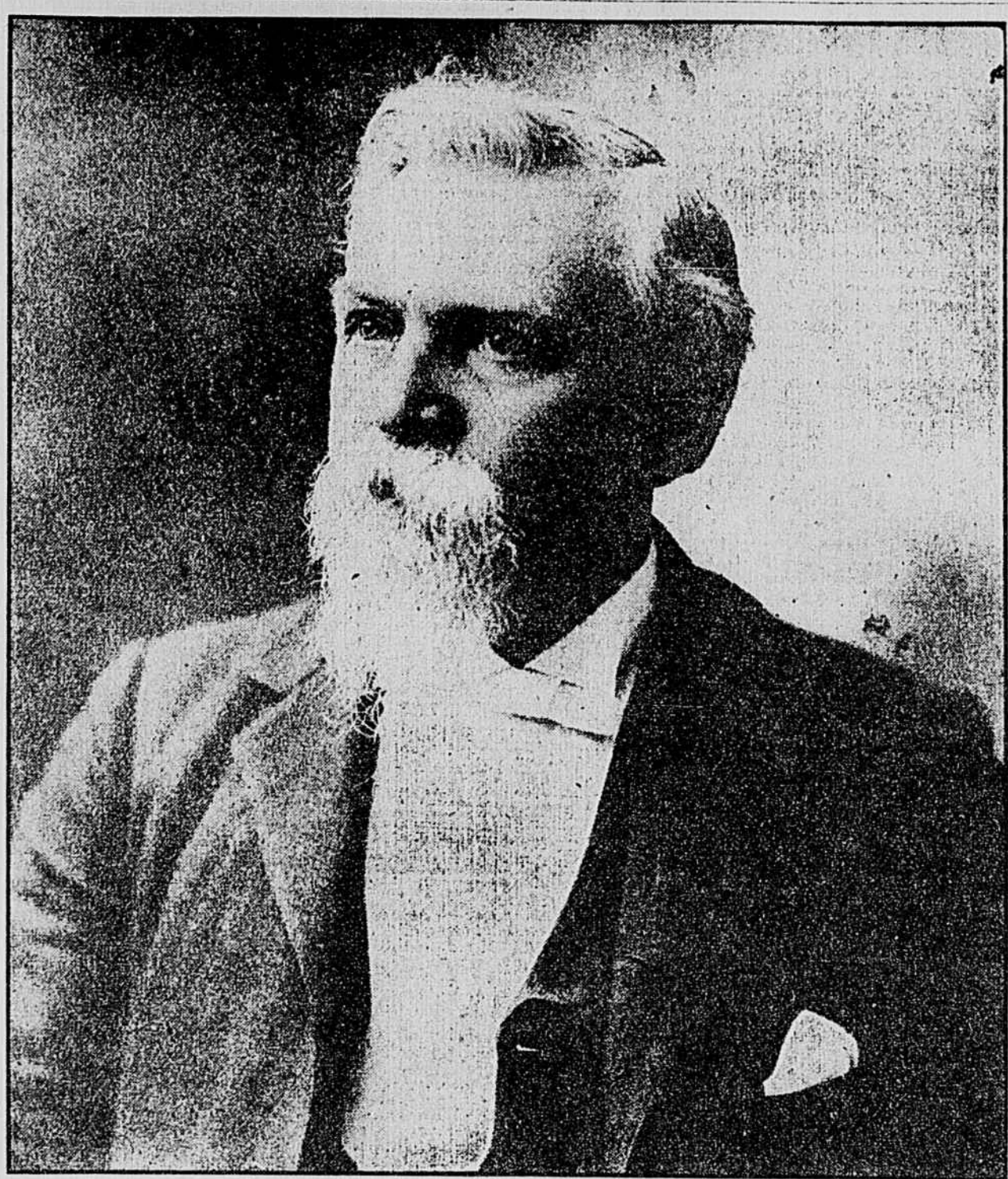
During the four years preceding my administration the Secretary of the Commonwealth collected \$72,222.51, and during the last four years \$255,023.51, the difference being the tax on automobiles not in force during three years of the first period. For the year 1913 this tax amounted to \$33,324.40, and at the rate now charged the tax on automobiles during 1914 will greatly exceed that sum, as the number used by our citizens is constantly increasing.

**Tax on Corporations.**

During the four years from 1906 to 1909, inclusive, taxes were assessed through the State Corporation Commission amounting to \$4,346,512.24, and for the four years from 1910 to 1913, inclusive, there were assessed taxes amounting to \$5,572,332.68, an increase of \$1,225,820.44 during that period. Of this increase, \$204,577.11 was derived from water, heat, light and power companies, taxed for the first time in 1910. By act approved March 14, 1912, the franchise tax on these companies was reduced from 1 per centum, the rate fixed by act approved March 14, 1910, to one-half of 1 per centum on gross receipts. As these companies receive the same benefit from the payment of franchise tax enjoyed by other companies paying double the rate, I see no reason why there should be a discrimination in their favor, and recommend that the uniform rate of 1 per centum on gross receipts be restored.

**Assessments of Mineral Lands.**

In this connection, and as germane to the financial condition of the State and the work of the State Corporation Commission, mineral lands were assessed in 1909 at \$16,211,928.50, and in 1912 at \$36,014,536, an increase, in the last four years, of \$19,802,607.50. With the assessment of taxes on mineral lands should be coupled the statement that, in consequence of interlocking and conflicting grants in the County of Buchanan, there is a wide difference between the area of land claimed by owners of record and for that reason assessable, and the actual area of the county, but after allowing for this difference there has been an in-



GOVERNOR WILLIAM HODGES MANN.

## Pertinent Points in Governor Mann's Message.

- Accumulation of State emergency fund of \$500,000 as insurance against calling out militia, or fire in public institutions.
- New method of valuing real and tangible property by special board in each congressional district, with general tax commission, providing tax reform and a lower tax rate without the cost of an extra session.
- Emergency act putting nominal tax on bank deposits to prevent withdrawals, which may seriously embarrass banks and cripple business.
- Fine for tax-dodgers who convert stocks and bonds into deposits to avoid taxation.
- Reduction of tax rate on intangible personal property to not more than 50 cents on hundred dollars for State and county taxes.
- Duplicate returns of Federal income statements to State commissioners of the revenue.
- Commission to revise and codify State tax laws.
- Abolition of county almshouse system and establishment of poor farms, one in each congressional district.
- Homes for the 6,000 feeble-minded in the State, of whom only 225 now have custodial care.
- More effective way of requiring settlements between county treasurers and supervisors, treasurers to make full settlements annually, under penalty.
- Making delinquent capitation taxes a lien on personal property.
- More methodical procedure by General Assembly, with time limit for offering bills.
- Joint commission to take charge of and prepare bills carrying into effect recommendations of Governor.
- Registration fee of \$250 for all persons, whether lawyers or not, appearing as lobbyists employed to press the passage of any bill.
- Other subjects are to be treated in additional messages to be sent in shortly.

counties and cities in the district. In fixing the value of the real estate, the clerk of each county should be required to make out a list of the sales in his county for the preceding year, giving the number of acres and price, and upon this information and such other as could be procured as a basis, and taking into consideration the mountain, swamp and other waste land, an average value per acre of the land in the several counties should be determined. This plan is not applicable to real estate in cities and towns, the valuation and equalization of which was left to the discretion of the commissioners. And upon such information as the commissioners in the several districts can secure by personal visitation and conference with commissioners of the revenue and leading business men and farmers, and from other sources, the fair average selling value of all animals, vehicles and other tangible personal property in counties and cities should be fixed, and a report made showing said values.

**General Tax Commission.**

When the reports from all the districts shall be ready, a commission of five, to be known as the General Tax Commission, composed of one man from each congressional district commission, designated by the appointing power, should meet in Richmond or other convenient place, to consider the reports from the several congressional commissions, which should, as soon as completed, be delivered to the several members of the congressional commission constituting the General Tax Commission, who, with the aid of the Auditor of Public Accounts, to be ex officio a member of the commission, should at once, and bringing to their aid all possible information, go over the said reports and ascertain the fair average selling value of all the real and tangible personal property in the counties of the several districts and in the cities and towns of the State. The General Tax Commission should embody its findings in a report, the original of which, with the reports of the congressional commissions, should be filed with the Auditor of Public Accounts, and a copy of the general report filed with the clerk of the Circuit Court of every county and the Corporation Court of every city in the State.

**Method of Appeal.**

Within three months from the filing of said copies any ten taxpayers of any

county or city should have the right to file with the clerk in whose office the copy of the report is filed, a written application for appeal from the valuations made, serving upon the attorney for the Commonwealth of the county or city a copy of said application at least fifteen days before the term of the court or the day of such term fixed in the application for the trial of the appeal.

At the trial of said appeal the attorney for the Commonwealth should be required to defend the application, and the Auditor of Public Accounts, or his assistant, should be constituted a member of the General Tax Commission, and should appear with the attorney for the Commonwealth at the trial of the appeal. In cases in which either side appeals upon such evidence as may be produced by either party, and the report be confirmed or the average or aggregate values be lowered or raised by the court according to the right of the case. From the decision of the Circuit Court or Corporation Court the applicants or the Commonwealth should have the right of appeal, within thirty days, to the Supreme Court of Appeals upon the evidence submitted to the trial court, which should be taken down and certified by the trial judge as in other cases. And upon such appeal the Supreme Court of Appeals shall have jurisdiction to try the case and enter such order confirming the report as made or lowering or raising values as may seem to it just and right, and its decision shall be final as to such values, except improvement which may be added each year as now provided for until the next regular legal assessment. Every such appeal shall be put on the privilege docket of the court, and shall be heard and disposed of as speedily as may be at the next term of the court after the appeal when the court may convene and without regard for the locality from which the appeal comes.

**Average Value of Land.**

After the average value of the land and tangible, personal property shall have been fixed as aforesaid or after the right of appeal shall have expired, the assessment of the several tracts of land and tangible personal property shall be made as now provided by law, so that the average value per acre of land and the average value of the tangible personal property as fixed by

the reports or as determined by the court shall be maintained.

After the valuations have all been made, if it shall appear to the Auditor of Public Accounts that the revenue of the State at the rate of taxation fixed by law will exceed by more than \$250,000, which is about the natural yearly increase on account of improvements of real estate, the Auditor of Public Accounts, the Second Auditor and Treasurer should be constituted a commission to lower the rate of taxation, having due regard to the amount required by the Constitution for public schools, so as to provide a revenue adequate to the needs of the State, but not to exceed for general purposes by more than \$250,000 the amount collected the previous year, unless necessary to meet the appropriations made by the General Assembly.

**Will Reduce Tax Rate.**

It is believed that a law such as has been suggested will considerably reduce the tax rate and cure in an equitable way the principal defects in our tax laws, and that the last provision of the Constitution, which requires an extra session of the Legislature, the expense of which more than covers the expense of the tax commissions.

It should be understood that the powers, duties and compensation of the congressional district commissions will expire when the assessments made by them shall be reported to the General Tax Commission, and that the powers, duties and compensation of the General Tax Commission shall expire whenever the reports of all the cities and counties shall have been made to the Auditor of Public Accounts and passed upon by the courts or the time for appeal shall have expired.

**Permanent Tax Commission.**

After the aforesaid assessment has been made, I recommend the appointment of a permanent tax commission, which shall be charged with the duties of equalizing assessments and generally supervising all the officers charged with the duties of assessing and collecting taxes, and also charged with the power and duty of reporting for removal to the Circuit Judge of the county or the Corporation Court of the city any of the local officers who shall fail to discharge their duties. Upon such report the judge or court should cause reasonable notice to be given to the officer reported, and upon his return should try the complaint, and if sustained should remove the officer and appoint his successor.

**Nominal Tax on Bank Deposits.**

As a matter of pressing need and in

## URGES NOMINAL TAX ON BANK DEPOSITS TO KEEP MONEY HERE

the best interest of the Commonwealth, I recommend the immediate passage of an act, with an emergency clause, putting a nominal tax on bank deposits in place of the present law. If this is not done before the commencement of the tax year the withdrawal of such deposits may cripple the banks and, through them, materially interfere with the business of the State. Such a law will, in my opinion, bring money to our State and contribute to its prosperity. But a better reason for a nominal tax on this kind of property is that it almost always deposits money from stocks, bonds or other property taxed or constitutes a part of income, also taxed, and is simply placed in the hands of the depositor for safekeeping and convenience until paid out in the ordinary course of business. The present tax is, therefore, unjust.

**Fine for Tax-Dodging.**

In this connection, however, and inasmuch as there might be book chances of bonds, notes, stocks and other evidences of debt into bank deposits in order to evade the payment of tax, such transfers or any pretended purchases of nontaxable securities or purchases to evade the tax should be made a misdemeanor, and, upon conviction, the offender shall pay a fine equal to five times the amount of tax he endeavored to save, and should also be required to pay the said tax.

**Tax on Intangibles.**

I renew my recommendation that a small rate, not to exceed 50 cents on the \$100, of which 30 cents should go to the county or city and 20 cents to the State, be placed upon all intangible personal property and be the only tax, either State or local, to be assessed upon this class of property. Where this plan has been tried, as in Maryland and other States, it has worked well and added largely to the revenue received from intangible personal property.

**Copies of Federal Income Assessments.**

All persons, corporations and firms paying taxes on incomes to the Federal government should be required to furnish the commissioner of his county or city with a copy of his assessment, and the Auditor of Public Accounts should have prepared and furnished to all taxpayers, on request, blank forms corresponding with those furnished by the offices of the Federal government. It might be well to change the method of taxing public service corporations, but this is a matter which can wait until others more important have been passed upon.

**In view of their present condition, I recommend the appointment of a commission, to consist of a lawyer, the Auditor of Public Accounts and a commissioner of the revenue, whose duty it shall be to carefully go over, revise and codify the tax laws of the State and report to the General Assembly.**

It is sincerely hoped that the recommendations of this message may meet with favorable consideration from the General Assembly.

**To Abolish Almshouses.**

At the last session of the General Assembly I recommended the establishment of a home in every congressional district to take the place of the present county and city almshouses and to be supported by each county and city in proportion to the number of inmates furnished by each. In the light of the figures, which have been furnished by the State Board of Charities and Corrections, I earnestly renew my recommendation.

Number of persons supported in almshouses during 1913, 4,514. Value of real estate, \$1,061,488.

Cost of maintenance	\$214,771.02
Superintendent's salary	29,617.00
Value of crops made and consumed	30,624.03
Total cost, not including interest on real estate	\$274,912.05
Persons aided in their homes by overseers of poor, 6,088.	
Salaries of overseers	\$90,550.00
Salaries of overseers	11,692.00
Total cost	\$102,242.00

These figures show that 10,544 were supported in almshouses in the cities and counties of the State at an expense of \$377,234.11.

**Should Purchase Farms.**

The proceeds of the sale of the real estate belonging to the almshouses would be sufficient to purchase a few good farms centrally located or, where there is a city, in the district as near to it as reasonably possible, and for the erection of suitable buildings in which the poor of our State could be comfortably housed and properly looked after. These homes would be a decided contrast with the present almshouses, some of which, to express it mildly, do not reflect credit on the State.

**Homes for Feeble-Minded.**

These homes could be used as nuclei for the segregation and care of the 6,000 feeble-minded in the State, which includes at least 2,000 high-grade imbeciles or morons who would be classed as feeble-minded except by experts. I have classified 1,232 as imbeciles, but with mind enough to work. Of these feeble-minded people only 225 have adequate custodial care, the remainder being in the almshouses, where they are crowded and self-supporting. Certainly the time has come when the State ought to take some action.

Mental defectives multiply twice as rapidly as normal people, and from feeble-mindedness springs, by inheritance, insanity, epilepsy, crime, pauperism and all forms of mental degeneracy. The prevention of the reproduction of this class is, therefore, a social and economic necessity.

**Treatment of Delinquent Taxes.**

With slight changes, I repeat my recommendations made to the General Assembly of 1912. As treasurers succeed themselves, there is no way by which a settlement can be made with the county treasurer for county and school funds. It is true that a statement can be made and the balance due by the treasurer ascertained, but as which a settlement can be made with the county treasurer for county and school funds. It is true that a statement can be made and the balance due by the treasurer ascertained, but as

out of the fund. And if a balance shall be found to be due by the treasurer, it shall be at once deposited in some bank to be selected by the board of supervisors, if county funds, to the credit of the school board, and by the county school board, if school funds. The credit of the said board, the money due the county to be drawn by warrants authorized by the boards of supervisors, signed by its chairman and countersigned by the treasurer, and the school funds by warrants authorized by the county school board, signed by the division superintendent and countersigned by the treasurer.

It is also recommended that the county treasurers be required, under penalty, to make these annual settlements.

**Collection of Capitation Taxes.**

In this connection it may be proper to add that no sufficient provision exists for the collection of delinquent capitation taxes, which now amount to a very large sum of money, due to the State and its counties. It is, therefore, recommended that an act be passed requiring the clerk of every city and county to place all of the delinquent tax tickets lodged in his office in the hands of the county and city treasurers, listing the same and taking the treasurer's receipt therefor, and for which adequate compensation the clerk should be allowed. The treasurer should be required to add the amount of such delinquent taxes and of all other taxes, by years and amounts, to current tax tickets, so that the last tax ticket will contain the entire claim of the State against the taxpayer, which should be a lien on all of his personal property as an execution now in, and on his real estate as delinquent in the past.

Provision should be made for forwarding tax tickets to the place of residence of a taxpayer, who removes from the county or city in which he is assessed before payment of the tax. The clerk should be required to keep in an alphabetically-arranged record-book a list of the delinquent taxes which are liens on real estate, but the purchaser of land should not be required to look back or be responsible for any taxes not on the last tax ticket.

**Legislative Procedure.**

Our State has made and is making such progress that a sixty-day session of the General Assembly necessarily be crowded with important matters. If, however, the legislation coming before your body could be classified and certain sessions devoted to each class, in which methodized proceedings as to expedite business. This is certainly true as to private or quasi-private and local legislation, to which should be reserved the first twenty days of the session, leaving forty days for the more important and general work. This is submitted for your consideration, but should be subject to exception of very important bills necessary to be disposed of and likely, if not gotten out of the way, to retard legislative action. It is recommended that all such bills should be disposed of as soon as possible after the General Assembly convenes. I most earnestly recommend as a real time-saver that all of the committees of the General Assembly hold joint sessions, which would not only be a convenience to the committees and patrons of bills, but would bring the two bodies into more intimate association and permit of interchange of views and opinions of necessity helpful. Of course, each committee would have its own clerk, reach its own conclusions and report to the house constituting it, but the necessity of two hearings would be done away with.

**Wants Votes Recorded.**

I further recommend that the proceedings of each committee and the votes of each member upon every bill and amendment and upon every motion offered in committee be made a matter of record and be open for public inspection.

It is also recommended that the time for offering bills in the two houses be limited by joint resolutions to the 15th of February, and no bill be received after that date except by unanimous consent.

It would be great help to the Governor, and I think to the State, to appoint a joint committee of three from the House and two from the Senate to take charge of the preparation of every proper way carry into effect the recommendations of the executive in his message to the General Assembly. The selection of the Governor makes him familiar with the institutions and agencies of the State and brings him in touch with the needs and sentiment of the people. As a State officer, he is able to make a larger field of observation and has a wider knowledge of the State's interest and its recommendations generally grow out of his knowledge of legislation needed for the best interest of the people, and which he has gained of the actual workings of the law of which he has general oversight.

**Should Work Together.**

He is not in a position to give, and space will not permit him to give, all the information he has on the subjects dealt with in his messages, and this opportunity will be offered him in communicating with the joint committee and its members, and through them with the General Assembly. It is my desire to have the Governor, executive and the members of the General Assembly get together, and the more they confer with each other about the State's business, the better will that business be promoted and conducted. There ought to be no jealousy between them, and there is no danger of encroachment of the one upon the province of the other.

I can make this and other recommendations which I shall submit in which the Governor is concerned with greater propriety, because they will be approved and carried out during the term of my distinguished successor.

**License for Lobbyists.**

I recommend that all persons, whether lawyers or not, employed to press the passage of any bill by the General Assembly, whether by appearing, examining, or otherwise, be required to procure a license therefor, for which a tax of not less than \$250 should be paid, and that in addition he or she be required to register his or her name with the clerk of the Senate and House.

With every effort to condense, I find that the shortest possible mention of important matters has extended what I felt obliged to say to a most undesirable length, and have, therefore, thought it best to separate the subjects discussed and send short messages on different days. The matters to which your attention is now called are important, and I am sure they will receive careful, and I trust favorable, consideration.

WILLIAM HODGES MANN,  
Governor.

Use Vitaqua (Ve-taw-qua) Sparkling Water in high-balls. A combination of wonderfully pure Broad Rock water and carbonic acid gas, and NOTHING ELSE. No foreign adulterants to affect the flavor of your "mixings."